



November 23, 2020

Web Announcement 2360

**Attention Inpatient Hospital Providers:**

**Claims Denied with Error Code 2500 Have Been Reprocessed**

Inpatient hospital claims that denied in error with error code 2500 (Client covered by Medicare Part A) when Claim Adjustment Reason Code (CARC) 258 (Claim/service not covered when patient is in custody/incarcerated) was entered on the claim have been automatically reprocessed. The impacted claims were originally processed February 1, 2019, through July 20, 2020. Effective July 20, 2020, claims no longer deny in error with error code 2500 when CARC 258 is on the claim and the incarcerated recipient has Medicare Part A.

The reprocessed claims appear on remittance advices dated November 27, 2020. Please note: When claims are reprocessed, please be aware that all system and clinical claim editor edits are applicable. As a result, there may be no additional payment, and other claim denials may be received. Providers have the right to appeal denied claims, including those denied upon reprocessing. Please refer to [Medicaid Services Manual Chapter 100](#) and the [Billing Manual](#) for information concerning the claim appeal process and time frames.